

Executive Summary

This document is the result of a yearlong deliberation on how to maintain the economy of rural Kentucky while adapting to structural changes in the tobacco market, until 2000 the largest agricultural market in the Commonwealth. It is more a first step than the last word toward a blueprint for the future of Kentucky agriculture.

The aim of this plan is to preserve and enhance the social fabric of rural Kentucky while building a sustainable economic base rooted in local communities and maintaining the environmental integrity of the Commonwealth. The Agricultural Development Board (ADB) and the Governor's Office of Agricultural Policy have tried to be open and inclusive. Everyone's input was sought, and everyone who spoke was heard. Councils in each of Kentucky's counties submitted agricultural development plans. Regional and statewide meetings were held. This report is a distillation of that discussion with suggestions for the scale and direction of Kentucky agriculture.

Governor Paul Patton and the legislators supporting House Bill 611 initiated this effort with the appropriation of money awarded the state in settlement of its lawsuit demanding recompense for tax dollars spent treating tobacco-related diseases. The infusion of more than \$120 million for the development of crops and markets to fill the void left by tobacco's contraction spurred this initiative with matching cash for those with workable agriculture-based business plans, projects or ideas.

To date, most dollars from the Agricultural Development Fund have been spent to bolster production. In order to build a sustainable

agricultural system, Kentucky must begin to organize and construct markets for that production. These market systems should include county seat farmers' markets, regional markets to pack wholesale agricultural products, certified kitchens with labeling machines to process local food items and urban markets to showcase our best agricultural products.

Although money for production agriculture loans is available, funds for value-added agricultural projects and new farm-based enterprises are hard to find. The

Kentucky Agricultural Finance Corporation should be revived to provide financing options for farm and farm market development. Private and public lenders should be provided incentives to stimulate agricultural lending in areas considered "non-traditional" in Kentucky agriculture.

The Commonwealth should reward good stewards of the land and water with financial incentives to implement best management practices. Water quality and soil erosion management, timber stand management and farmland preservation efforts represent effective means of providing financial assistance directly to producers while creating a public good from the environmental benefits realized by such efforts.

Farm family education and computer literacy are important ways to improve farm business management. Programs aimed at improving farm family Internet access, developing farmer-to-farmer training, and efforts focused on farm accounting, business analysis and financial planning should be made more accessible.

Local leadership resources are important to the sustainability of Kentucky's effort to strengthen the



rural economy. Local leadership development programs, financial support for the administration of county agricultural development councils, and the enhancement of the Cooperative Extension Service through improved training and performance incentives for agents represent ways to cultivate local leaders.

Maintaining and expanding agricultural research and development efforts is crucial to providing producers the information they need to meet changing consumer demands. Such research should be targeted to the existing scale of Kentucky agricultural production.

The Kentucky Department of Agriculture should initiate an agricultural product certification program

as a prerequisite for access to state-funded markets such as schools, parks and prisons. This certificate should include a bar code listing point of origin and processor in order to qualify for national and international commerce.

The State Health Department's Environmental Health Management Information System database should be expanded to include USDA-inspected meat and poultry processing establishments. This database should be integrated with the Kentucky Department of Agriculture database and enhanced to include an inventory of state-certified agricultural products and direct sale capability. These products would then be eligible for state contracts and the producers would be linked to state, national and world markets.

